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DATE OF INFORMATION 1950

DATE DIST. 3 APR 1951

NO. OF PAGES 8

SUPPLEMENT TO REPORT NO.

THIS IS UNEVALUATED INFORMATION

THE HUNGARIAN FIVE-YEAR PLAN
IN 1950 AND TASKS FOR 1951

Accomplishments During 1950

The more important products of heavy industry showed the following percentage increases in 1950 as compared with 1949:

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Actual production of light industry in 1950 was 29.4 percent over 1949 production as against the 11.8-percent increase provided for in the plan. In 1950, industry produced 8 percent more cotton cloth, 15 percent more wool cloth, 28 percent more knit goods, 50 percent more leather shoes, 15 percent more sugar, and 29 percent more soap than in the previous year. The plan specified that the production of the building industry should have increased 39.5 percent during the first year. The actual achievement of the building industry in 1950 was 122.9 percent over 1949.

In 1950, the area under state cultivation increased from 543,000 to 823,000 cadastral yokes and that of producers' cooperatives from 316,000 to 811,000 cadastral yokes.

In 1950, the number of agricultural machine stations grew from 221 to 361 and 3,171 tractors. A total of 251 pieces of motive equipment and 390 threshing machines were placed in service. While agriculture used 9,000 carloads of fertilizer in 1949, 17,400 carloads were available in 1950.

Improvement in agricultural equipment and supplies was reflected in better yields. The average yield on state farms exceeded those obtained by independent peasants by 15.1 percent in wheat, 30.1 percent in rye, and 29.4 percent in corn, while producers' cooperatives attained average yields surpassing the average yields of independent farms by 4.6 percent in wheat, 14.9 percent in rye, and 15.1 percent in corn.

The greatest curse of capitalism, unemployment, has been eliminated. In the manufacturing industries, the number of workers rose by 12 percent, while their total wages increased by 19 percent, resulting in a higher standard of living. Productivity in industry increased by 19.4 percent, as compared with an increase of 16.8 percent originally planned.

The 1950 workers' standard of living was improved also by progress in public health, social institutions, culture, and education. A total of 28,400 apartments was built in 1950; clinical facilities and nursery capacity were increased by 25 percent and 10 percent respectively; organized vacations were extended to 40 percent more people in 1950 than in 1949; and the number of kindergartens was increased by 144 in 1950.

As a result of adequate school rooms and teaching staffs, 1,230,000 children were registered in the general schools. The number of first-year trade-school students grew from 22,000 in 1949 to 32,000 in 1950, and the number of those lodged in apprentice homes from 6,200 to 14,300. The number of first-year students in secondary schools grew from 30,000 to 35,800, and the number of first-year university students and of students in other institutions of higher learning grew from 8,600 to 14,000.

The social composition of the student body showed a fundamental change, with 39.5 percent of the first-year university students originating in the worker class and 18.2 percent of peasant origin. In the secondary schools, 36.3 percent are of worker and 21.7 percent of peasant origin.

The Five-Year Plan provided for the development of Hungary's armed forces. Enormous progress in economic conditions enabled the country to raise the level of its national defense. The Hungarian army has modern equipment and, together with the Soviet Union, the friendly people's democracies, and the freedom-loving peoples of the world, it ensures peace against the imperialist warmongers.

The plan also laid down the principle that Hungary should be transformed from an agrarian-industrial to an industrial-agrarian country. The share of the manufacturing industries in the national income increased from 38.5 percent in 1949 to 43.3 percent in 1950, including an increase from 20 percent to 22.5 percent for heavy industries. This is a significant step forward in converting Hungary into an industrial-agrarian country.

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Shortcomings in 1950

Despite substantial achievements, shortcomings also cropped up in the execution of the Five-Year Plan during its first year. The 1950 plan had two basic defects. First, the preparation of the plan was delayed. Second, the plan underestimated national resources, and, as a result, some of the economic branches showed disproportionate development during 1950.

Because of inexperience, complacency, or a hostile attitude, many planners established the plan quotas at too low limits. This planning is fundamentally wrong because it does not mobilize the total efforts of the population. Poor planning for 1950 resulted, on the one hand, from ignorance of national requirements and of industrial production capacity and, on the other hand, from red tape and unnecessarily complicated procedure.

Unjustified investments are a manifestation of a dangerous theory, which claims the country's economic reserves have been "exhausted" and the rate of progress will be reduced without new equipment. This theory is wrong, particularly in view of the enormous progress which has taken place since 1946. Facts prove that, as a result of a mistaken and opportunistic viewpoint, planning for 1950 was based on an underestimate. The results obtained in metallurgy, for instance, could not have been imagined previously.

The 1951 plan calls for a 68-percent increase in raw steel output, as compared with peak production during the World War II. This may be accomplished essentially with the same plants, but by a proper distribution of investments, by socialist work organization, by economy in materials, and by the changed attitude of labor.

Overfulfillment of plans may bring about a lack of balance within the economy, as evidenced by the results of the 1950 plan. Lack of balance was caused largely by uneven overfulfillment in the various economic branches. The relative development of heavy and light industries, respectively, largely satisfies the requirements of a socialized industry. However, the relative development of the various heavy industries was out of balance because raw materials and electric power production developed at a slower pace than the processing industries.

Thus, while compared to 1949, production of heavy industry increased by 36.4 percent and of the heavy machine industry by 46.5 percent, coal production increased by only 13 percent, pig iron by 12.6 percent, raw steel by 20.4 percent, and electric power production by 20.7 percent.

A substantial increase in raw material production had been planned for 1950, but quotas were insufficient to satisfy increased demand.

Matyas Rakosi pointed out correctly that "however impressive the 13-percent increase in coal production may be, the increase in heavy industry is 36 percent, or three times greater. Because of this rapid progress, we must demand more than a 13-percent increase from our miners."

It is also known that in crude oil production retrogression rather than progress has been experienced, largely because of failure to repair the damages caused by sabotage and to train adequate cadres. Oil production is also lagging both in drilling and in research. It will suffice to point out that drilling speed is 60 percent greater in Rumania than in Hungary. As a result, the Rumanians achieve 60 percent more with equal drilling equipment. In spite of an increase in machine-tool production in 1950, production lags behind the plan.

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The efficient planner looks for the bottlenecks and by investing a few hundred thousand forints makes it unnecessary to build new plants. The possibilities exist for this method, since the machinery is utilized to a low degree in most plants. Machines should be operated for an average of 4,000 hours in two shifts, whereas actually the operating time was 3,140 hours in machine-tool production, 2,900 hours in the manufacture of other machinery, 2,600 hours in vehicle manufacture, and only 2,100 hours in the manufacture of agricultural machinery during 1950. Production could be greatly increased by the general introduction of the double shift without the installation of new machinery.

Hungary's economy is thrown out of equilibrium also by the fact that agricultural production lags behind industry. This situation brings the backwardness of small-scale farming, as contrasted with the rapid growth of big industry, into sharp relief.

The conflict can be solved only by the extension of state farms and of producers' cooperatives. Modern mass-production methods, as well as a network of agricultural machine stations must be developed, adequate supply of improved seeds and of fertilizer must be assured, production by contract must be increased, and agricultural investments must be purposefully directed.

In socialized agriculture there is still much to be done. The state farms, though their yields are much higher than those of independent peasants, are very badly managed. With the means at their disposal they should produce much higher yields than has been the case in the past. The organization of work as well as discipline, is poor. The state farms are interested in taking care of themselves instead of increasing their production.

Although the producers' cooperatives generally achieve better yields than individual peasants they still operate on a low level. This is true of animal husbandry as well, and caused largely by inexperience and lack of training.

Two other problems exist in Hungarian agriculture. It was realized too late that something was wrong with pig and cattle breeding. In 1950, the number of livestock actually decreased and the agricultural agencies, the local councils, and even the trade unions failed to issue a timely warning. This trend must be reversed in 1951. It was the work of the enemy.

The second problem is that hundreds of cadastral yokes of arable land have been lost during the last 3 years, and it was impossible to stop this trend as late as 1950. Naturally, the land itself was not lost. It exists in quarter- and half-yoke plots in the villages, but is planted with other products than provided for under the plan.

This land is diverted from state supervision and from compulsory delivery, causing considerable loss to the national economy as a whole and to the workers in particular. All this points to looseness of state discipline, which must be stopped. State as well as individual discipline must be tightened.

The problem of cost of production must also be mentioned in this connection, since insufficient attention was given it in 1950. The building industry, for example, completely ignored the 1950 Cabinet Council regulations governing the reduction of building and operating costs. As a result, building costs were excessive in 1950 and most of the building enterprises are still operating at a deficit. The abuses in the building industry were in part due to right-wing Social Democrats and their helpers committing organized wage and norm frauds, especially during the first half of 1950. These frauds were not stopped until June.

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Additional lack of balance was caused by greatly increased purchasing power available to the peasantry because of a good harvest and certain speculative possibilities. There were enough goods on the market, but, as a result of the enemy's attacks, a periodic "buying fever" disturbed the equilibrium of distribution. The effect of this fever was enhanced by lack of organization and by hostile speculation. A vigorous intervention of the party succeeded in overcoming these difficulties. Adequate supplies for the working population are assured, and the food situation will improve in 1951, even in case of a mediocre crop.

In conclusion it may be stated that the 1950 tasks were accomplished and that the plan was overfulfilled in many fields.

The accomplishments of the 1950 plan have created the prerequisite for the fulfillment of the 1951 plan. However, when mistakes are found, they must be eliminated. The bolshevik weapon of criticism and self-criticism is a tool of rapid progress.

Tasks in the Second Year of the Five-Year Plan.

The 1951 plan provides for a 25.1-percent increase in the national income, as compared with the 17.8-percent increase in 1950. The actual rate will be higher, however, because it is based on the increased 1950 results.

Progress will be made in 1951 in broadening the bases of socialism. In industry as a whole, including handicrafts, socialization will be increased to 97 percent, which means total victory for socialism in industry. In local small industries, because of the strengthening of the cooperative movement, production by the socialized enterprises will be almost doubled in 1951. The share of the socialist sector in the national income is to be increased from 70 percent in 1950 to 75 percent in 1951.

Further significant progress in the transformation of Hungary to an industrial-agrarian country must be achieved in 1951, and the share of the manufacturing industry in the national economy must be raised from 43.3 percent in 1950 to 46.3 percent in 1951. The share of heavy industry will be increased from 22.5 percent in 1950 to 25.7 percent in 1951. Industrial production will be increased by 30.7 percent in 1951. Within this total, heavy industrial production will be increased by 35.8 percent, light industrial production by 28 percent, and agricultural production by 24 percent. Mining output will be increased by 20.9 percent, metallurgy by 30 percent, and electrical power by 21.6 percent in 1951.

Twice as many trucks and threshing machines will be manufactured in 1951 as in 1950. The production of autobusses will be 230 percent, motorcycles 125 percent, and tractors 147 percent higher than in 1950. Industry will help agriculture not only by increased production of agricultural machinery, but also by a 16-percent increase in the production of fertilizers.

In 1951, the machine industry will start production of numerous machines which were not made in Hungary before. Among these new machines are the vertical, universal, and groove-milling machines, turret lathes, mining machinery, such as undercutting and loading machines, and portable deep drills. Small diesel motors, 10-horsepower electric drills, and mine-damp proof electromotors and switchboards will also be manufactured.

Light industry production will have to satisfy the increased demand resulting from a higher standard of living and also produce an exportable excess. The textile industry will increase production by 30.6 percent and the agricultural industry by 24 percent. Production of cotton cloth will be 16.1 percent, wool cloth

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9.2 percent, and shoes 18.3 percent larger than in 1950. Also 25 percent more high boots and 19 percent more workshoes will be produced. The increase in sugar production will be 32.5 percent, cigarettes 16.8 percent, milk 21.2 percent, and butter 48.44 percent.

The building industry will increase its production by 54.7 percent. To assure large-scale operations in the building industry, the production of bulldozers and other specialized heavy machinery will be increased by 150 percent over 1950. Brick production will be increased 47 percent, cement manufacture by 63 percent, and prefabricated reinforced concrete parts by 48 percent. It is planned to construct serially 15 percent of all new buildings in 1951, using the conveyor-belt system.

Socialization will progress in agriculture, as a result of development of state farms and growth in the cooperative movement.

Increase in yields and in the productivity both of state farms and of producers' cooperatives is expected to double the value of the production of socialized agricultural in 1951 as compared to 1950. This will ensure a higher standard of living for the participating peasant families. The planted area will be increased by 50,000 cadastral yokes, over last year. The area planted to fibrous plants, including cotton, will be increased considerably. Cotton acreage will be increased from 10,500 to 50,000 cadastral yokes in 1951.

The number of agricultural machine stations as well as machines will be increased substantially.

Livestock breeding and qualitative improvement of the yield are regulated by a special Cabinet resolution. Forage requirements will be assured by increasing the acreage planted with fibrous fodder to 90,000 yokes.

Freight moved by rail will be increased by 18.7 percent and highway freight transportation by 37.2 percent, over 1950.

Under the plan for 1951, imports are to be increased by 18 percent and exports by 24 percent. Foreign trade with the USSR and the people's democracies will represent a much larger share of total 1951 exports and imports than previously.

Total investments will increase by 33 percent over 1950. Investments in 1950 totaled 9.5 billion forints and in 1951 they will reach 12.6 billion forints. This represents 2 billion forints more than we invested during the entire period covered by the Three-Year Plan.

It is policy to avoid scattered investments and, therefore, 58 percent of the funds available for investment have been appropriated for 97 major projects, including 61 in industry and agriculture and 13 in transportation. The major projects of the Five-Year Plan will be given full weight in 1951. Investments in heavy industry will be increased by 73 percent over 1950.

One of the most important projects in the field of heavy industry will be the combine at Borsod, now under construction, which will manufacture coke from domestic brown coal and fertilizer. The combine will be equipped with a power plant. Another combine at Varpalota, which will also have a power plant, will manufacture aluminum from bauxite. Other major heavy industry projects include the establishment of a gray-iron foundry and cement factory at Vac and the large-scale rebuilding of the Diosgyor iron and steel plant.

Light industry projects will serve the expansion of the textile industry and increase the existing storage and refrigeration capacities for the agricultural industry. In this field, 46.3 percent of the total investments will be allocated to the textile and clothing industry and 39.2 percent to the agricultural industry.

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Investments in transportation will serve the completion of projects begun in 1950.

Investments in commerce will be used for establishment of two large state-owned department stores and for the extension of the network of warehouses.

Under the 1951 plan, 31,600 new apartments will be built. New medical dispensaries will be built at Kispeszt, Dunapentele, Ajka, Varpalota, Komlo, Pecs, Szolnok, and Szeged and Mako. A total of 70 million forints will be allocated to health protection in industry during 1951. The bulk of this sum will be devoted to shower and dressing-room facilities and to drainage. Nursery capacity will be increased by 36 percent.

The 1951 investment program, together with technical progress, will raise mechanization considerably in Hungary's production and transportation.

Allowing for loss due to old age, a total of nearly 200,000 additional workers will be needed in 1951, not counting the manpower requirements of agricultural. The plan keeps in sight the fact that because of the development of our economy, there will be an increased demand for a larger labor force. Increases were provided for in the 1951 plan from 30,980 to 39,200 in university students, from 91,500 to 105,600 in secondary school students, and from 49,800 to 57,000 in apprentices who receive their training at industrial plants.

In 1938, only 242 engineers received diplomas, and the total number of engineering students was 957, whereas in 1950 there were 8,400 engineering students.

The standard of living is to be raised by two factors: the rise in the number of persons employed and the rise in incomes. The plan provides for a 7.8-percent average rise in income in the manufacturing industries in 1951. No uniform rate of increase is provided for the individual branches of industry. The rise in average income in coal mining will be more than 10 percent. The progressive rise in the standard of living can be assured by an increase in productivity only. The 1951 plan envisages increases in productivity of 23.4 percent in the manufacturing industries, of 20.5 percent in transportation, and 15.9 percent in the postal service.

A vigorous increase in production, progress in mechanization, conservation of materials, and greater productivity will combine to assure substantial savings in production costs. Planned reduction of costs is of basic importance in the realization of the 1951 tasks. It is planned to reduce costs by 8.7 percent in heavy industry, by 4.1 percent in light industry, and by 2.5 percent in agricultural industry. Building costs in general will have to be reduced by 14.5 percent from 1950 levels. In addition, the building industry must reduce operating costs by 7.5 percent.

Breakdown of Plans and Development of Planning

The 1951 plan, more than any prior plan, rests on the economic balance sheet principle. This means the logical balancing of requirements against potential and stocks on hand. The balance sheet mobilizes hidden reserves, but only if they are based on progressive norms. Correct material balance sheets, therefore, increase economy in materials.

Following the example of the Soviet Union, progress in technical efficiency has been incorporated into the plan. Further progress is shown by the fact that labor policy and wage-rate schedules have been extended to the entire national economy. Wage rates in all fields must conform to the planned wage rates schedule.

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The plan can be effective only if it is understood by all workers and it must, therefore, be broken down to the workbench level. It is a misconception among some planners that their duty is done by simply approving a plan. Great progress has been made in familiarizing workers with plans, but in a great many plants the relation of worker to plan is unsatisfactory. If this relationship does not exist, the workers are deprived of initiative, with consequent losses in materials, productivity, and economy in production costs. The workers know best the hidden reserves of their plants, and it is the duty of party organizations to encourage them to make recommendations for improvements. It should be clear that such suggestions should not require new investments, but should point out more efficient use of available materials and the exploitation of existing potentials.

Plan Enforcement and Control

Before, the plan can be carried out in the lower echelons, plan enforcement has to start on the top level.

Certain enterprises do not meet deadlines, do not carry out investment regulations, and generally observe the plan very poorly. Sometimes their reports contain brazen falsification, and the penalty is usually a slight fine or reprimand.

Tightening of discipline in the whole of the national economy is an essential task. The law must be observed. When necessary, heavy fines and punishment must be meted out.

Control must be tightened also in the field of investments, since serious mistakes have been made in the past. This happened at the Bukkszek Chemical Works, where a chemical plant was built in 1947 on the advice of saboteurs that enough salt water was there to justify the project. Subsequently, it turned out that this was not true and labor and money were wasted. Several more examples of mismanagement are given.

The enemy is underground today. He tries to attack socialism from within. He tries to take advantage of our mistakes and of our inexperience. He wants to increase our difficulties.

Planning is inseparable from the fight against the enemy, from being on the outlook, and from absorbing and applying the Marxist Leninist theories.

The fate of the plan on the plant level rests with the workers and the lower echelons of the party. It is the duty of party organizations and party workers to help disseminate the contents of the plan to the workbench level.

When examining plans, it is important to look not only at results, but also at conditions. By doing this, we will eliminate the mistakes made in 1950.

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